**MARKETS**

**CH 4: DEMAND CH 5: SUPPLY CH 6: EQUILIBRIUM**

**CHAPTER 4**

**Section 1**

1. What two things must be present to create demand for a product?
2. What is the law of demand?
3. What two behavior patterns act to create the law of demand? Describe each in detail.
4. What is the demand schedule?
5. What is a market demand schedule? Compare and contrast it to a demand schedule.
6. What is a demand curve?
7. What are three characteristics of every demand curve?

**Section 2**

1. What does ceteris paribus mean? How does it relate to a demand curve?
2. Explain the difference between changes in quantity demanded and demand.
3. Demonstrate a change in quantity demanded and demand.
4. List and describe the five main causes for changes in demand.
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Section 3**

1. What is elasticity of demand?
2. What is the difference between inelastic and elastic goods?
3. List and describe the four factors that affect elasticity.

**CHAPTER 5**

**Section 1**

1. What is supply?
2. What is the law of supply?
3. What two factors create the law of supply? Describe each in detail.
4. What is elasticity of supply? What determines if the supply for a product is inelastic or elastic?

**Section 2**

1. What is the marginal product of labor?
2. What is the difference between increasing, diminishing and negative marginal returns?
3. What is the difference between fixed and variable cost. Provide an example for each.

**Section 3**

1. List and describe the five main causes for changes in supply.

**CHAPTER 6**

**Section 1**

1. What is equilibrium?
2. Graph a point of equilibrium.
3. List and describe two outcomes of disequilibrium.
4. List and describe two types of government intervention.
5. Graph a price ceiling and price floor.

**Section 2**

1. What conditions lead to a surplus?
2. What conditions lead to a shortage?

**Section 3**

1. List and describe the four advantages of prices.